

**UNIFIED SCHOOL DISTRICT NO. 426**  
**SCANDIA, KANSAS**

**REPORT ON AUDIT**  
**SPECIAL FINANCIAL STATEMENTS**

JUNE 30, 2015

BRUNA AUDITING SERVICES LLC  
DEREK BRUNA  
CERTIFIED PUBLIC ACCOUNTANT  
WASHINGTON, KANSAS

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

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Scandia, Kansas  
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**BAS LLC**  
Bruna Auditing Services LLC  
Derek Bruna, CPA

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Unified School District No. 426  
Scandia, Kansas 66966

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 426, as of and for the year ended June 30, 2015 and the related notes to the financial statement.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note A to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note A of the financial statement, the financial statement is prepared by the Unified School District No. 426 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting

principles generally accepted in the United States of America, the financial position of the Unified School District No. 426 as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

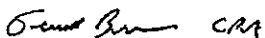
In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 426 as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note A.

*Report on Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2014 Actual column presented in the Individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Statement 3 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated November 9, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note A.

Bruna Auditing Services LLC

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Derek Bruna, CPA  
Washington, Kansas  
November 9, 2015

**REGULATORY - REQUIRED  
SUPPLEMENTARY INFORMATION**

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SUMMARY OF RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
Regulatory Basis  
For The Year Ended June 30, 2015

STATEMENT 1									
Fund	Statement Number	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & A/P	Ending Cash Balance	
General Funds:									
General Fund	3-1	\$ 1,118	\$ 0	\$ 1,993,904	\$ 1,994,973	\$ 49	\$ 0	\$ 49	
Supplemental General	3-2	36,011	0	648,253	684,264	(0)	0	(0)	
Special Purpose Funds:									
Capital Outlay Fund	3-3	450,095	0	108,916	90,310	468,700	0	468,700	
Driver Training	3-4	10,674	0	6,488	7,067	10,095	0	10,095	
At Risk-(K 12) Fund	3-5	141,799	0	187,730	185,565	143,964	0	143,964	
Food Service Fund	3-6	46,596	0	193,422	192,728	47,290	0	47,290	
Professional Development Fund	3-7	14,859	0	2,730	4,066	13,523	0	13,523	
Special Education Fund	3-8	235,208	0	347,596	344,610	238,194	0	238,194	
Vocational Education Fund	3-9	147,068	0	158,440	160,138	145,370	0	145,370	
Summer School Fund	3-10	440	0	0	0	440	0	440	
Textbook Rental Fund	3-11	46,483	0	26,394	25,460	47,417	0	47,417	
Employment Benefit Fund	3-12	4,033	0	15,297	13,525	5,805	0	5,805	
Title I A-Teacher Quality Fund	3-13	0	0	8,188	8,188	0	0	0	
Title I Fund-Current	3-14	0	0	36,941	36,941	0	0	0	
Title II-Ed Tech Current	3-15	0	0	0	0	0	0	0	
KPERs Retirement Fund	3-16	0	0	138,635	138,634	1	0	1	
Contingency Reserve Fund	3-17	190,001	0	17,010	18,521	188,490	0	188,490	
Gift Fund	3-18	20,149	0	23,865	21,606	22,408	0	22,408	
Federal Reap Fund	3-19	0	0	25,888	25,678	210	0	210	
Payroll Clearing Fund	3-20	11,033	0	109,076	113,645	6,464	0	6,464	
Character Education	3-21	464	0	0	464	0	0	0	
Total		\$ 1,356,031	\$ 0	\$ 4,048,773	\$ 4,066,384	\$ 1,338,420	\$ 0	\$ 1,338,420	

Composition of Cash	
Checking Account	\$ 713,420
Trust/Agency Accounts	34,346
Certificate of Deposit	625,000
Total Cash	1,372,766
Less: Trust/Agency Accounts per Statements 4 & 5	(34,346)
Total Excluding Agency Funds	1,338,420

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

STATEMENT 2

Fund	Statement Number	Certified Budget	Adjustments		Adjustments For Qualifying Budget Credits	Total Budget For Comparison	Expenditures Chargeable To Current Year	Variance Over (Under)
			To Comply With Legal Max					
General Funds:								
General Fund	3-1	\$ 1,936,786	\$ (27,350)		83,406	\$ 1,992,842	\$ 1,994,973	2,131
Supplemental General	3-2	684,263	0		0	684,263	684,264	1
Special Purpose Funds:								
Capital Outlay	3-3	516,000	0		0	516,000	90,310	(425,690)
Driver Training	3-4	12,200	0		0	12,200	7,067	(5,133)
At Risk (K-12)	3-5	201,600	0		0	201,600	185,565	(16,035)
Food Service	3-6	193,000	0		0	193,000	192,728	(272)
Professional Development	3-7	16,000	0		0	16,000	4,066	(11,934)
Special Education	3-8	482,600	0		0	482,600	344,610	(137,990)
Vocational Education	3-9	158,600	0		0	158,600	160,138	1,538
KPERs Retirement	3-16	168,528	0		0	168,528	138,634	(29,894)
Gift	3-18	18,500	0		0	18,500	21,606	3,106
TOTALS								
		\$ 4,388,077	\$ (27,350)		83,406	\$ 4,444,133	\$ 3,823,962	\$ (620,171)



PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-1

	GENERAL FUND			
	Prior Year	Current Year		
	Actual Transactions	Actual Transactions	Budget	Variance Over (Under)
<b>Statutory Revenues</b>				
Taxes In Process	\$ 0	\$ 0	\$ 0	0
Ad Valorem Property Tax	284,886	0	0	0
Delinquent Tax	2,439	0	0	0
General State Aid	1,433,620	1,711,244	1,709,555	1,689
Special Education Aid	219,309	199,566	226,240	(26,674)
Pre-school Tuition	11,719	14,243	0	14,243
In lieu of payments	44	48	0	48
Reimbursements	49,733	68,803	0	68,803
Ed. Jobs Fund	0	0	0	0
<b>Total Statutory Revenues</b>	<b>\$ 2,001,750</b>	<b>\$ 1,993,904</b>	<b>\$ 1,935,795</b>	<b>\$ 58,109</b>
<b>Expenditures</b>				
Instruction	\$ 915,545	\$ 831,346	\$ 889,352	\$ (58,006)
Student Support Services	44,176	69,156	44,655	24,501
Instructional Support Staff	17,686	11,614	19,050	(7,436)
Administration	298,114	335,932	418,258	(82,326)
Operations and Maintenance	443,131	364,727	258,250	106,477
Outgoing Transfers	283,098	382,198	307,221	74,977
Adj. To Comply With Legal Max			(27,350)	27,350
Legal General Fund Budget	2,001,750	1,994,973	1,909,436	85,537
Adj. For Qualifying Budget Credits			83,406	(83,406)
<b>Total Expenditures</b>	<b>\$ 2,001,750</b>	<b>\$ 1,994,973</b>	<b>\$ 1,992,842</b>	<b>\$ 2,131</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>0</b>	<b>(1,069)</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>1,118</b>	<b>1,118</b>		
<b>Prior Year Cancelled Encumbrances</b>				
<b>Unencumbered Cash - Ending</b>	<b>\$ 1,118</b>	<b>\$ 49</b>		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-2

SUPPLEMENTAL GENERAL FUND

	Prior Year Actual Transactions	Current Year		
		Actual Transactions	Budget	Variance Over (Under)
<b>Statutory Revenues</b>				
Taxes In Process	\$ 13,857	\$ 17,224	\$ 13,218	\$ 4,006
Ad Valorem Property Tax	397,732	352,457	324,620	27,837
Delinquent Tax	3,245	6,659	5,286	1,373
Motor Vehicle Tax	40,127	39,622	52,269	(12,647)
Taxes in Lieu of Payments	59	13	0	13
Machinery & Equip	8,649	7,826	0	7,826
Watercraft RC	0	195	0	195
Transfer from Contingency	0	18,520	0	18,520
Recreational Vehicle	621	600	572	28
State Aid	217,102	205,137	250,167	(45,030)
<b>Total Statutory Revenues</b>	<b>\$ 681,392</b>	<b>\$ 648,253</b>	<b>\$ 646,132</b>	<b>\$ 2,121</b>
<b>Expenditures</b>				
Instructional Support Staff	\$ 205,948	\$ 236,064	\$ 208,800	\$ 27,264
Operations and Maintenance	30,904	3,285	33,000	(29,715)
General Administration	0	0	0	0
Transportation	0	0	0	0
Outgoing Transfers	435,312	444,915	442,463	2,452
Adj. For Qualifying Budget Credits	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 672,164</b>	<b>\$ 684,264</b>	<b>\$ 684,263</b>	<b>\$ 1</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>9,228</b>	<b>(36,011)</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>26,783</b>	<b>36,011</b>		
<b>Prior Year Cancelled Encumbrances</b>				
<b>Unencumbered Cash - Ending</b>	<b>\$ 36,011</b>	<b>\$ (0)</b>		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

**SCHEDULE OF RECEIPTS AND EXPENDITURES**  
**ACTUAL AND BUDGET**  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-3

CAPITAL OUTLAY FUND

	Current Year			
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>Cash Receipts</b>				
Taxes In Process	\$ 0	\$ 21	0	\$ 21
Current Tax	29,530	96,818	91,590	5,228
Delinquent Tax	52	206	394	(188)
Other Local	0	45	0	45
Motor Vehicle Tax	0	1,169	1,238	(69)
Interest on Idle Funds	1,177	1,084	0	1,084
State Aid	0	9,539	17,303	(7,764)
Machinery and Equipment	0	0	0	0
Watercraft Tax	0	14	0	14
RC - In Lieu PF Payment	4	20	0	20
Transfer from General	27,159	0	25,000	(25,000)
<b>Total Cash Receipts</b>	<b>\$ 57,922</b>	<b>\$ 108,916</b>	<b>135,525</b>	<b>\$ (26,609)</b>
<b>Expenditures</b>				
Instruction	\$ 0	\$ 0	160,000	\$ (160,000)
Student Support Services	0	0	100,000	(100,000)
Other	0	31,077	0	31,077
Instructional Support Staff	0	2,213	20,000	(17,787)
General Administration	0	4,977	20,000	(15,023)
School Administration	0	399	20,000	(19,601)
Operations & Maintenance	0	7,033	46,000	(38,967)
Transportation	41,850	0	50,000	(50,000)
Building Improvement	55,860	44,611	100,000	(55,389)
<b>Total Expenditures</b>	<b>\$ 97,710</b>	<b>\$ 90,310</b>	<b>516,000</b>	<b>\$ (425,690)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(39,788)</b>	<b>18,605</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>489,883</b>	<b>450,095</b>		
<b>Prior Year Cancelled Encumbrances</b>				
<b>Unencumbered Cash - Ending</b>	<b>\$ 450,095</b>	<b>\$ 468,700</b>		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-4

DRIVER TRAINING FUND

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
State Aid	\$ 1,360	\$ 1,488	1,360	\$ 128
Operating Transfers	7,000	5,000	7,000	(2,000)
Total Cash Receipts	\$ 8,360	\$ 6,488	8,360	\$ (1,872)
Expenditures				
Instruction	\$ 8,603	\$ 6,966	11,200	\$ (4,234)
Vehicle Operating Maintenance	784	101	0	101
Maintenance Service	0	0	1,000	(1,000)
Total Expenditures	\$ 9,387	\$ 7,067	12,200	\$ (5,133)
Cash Receipts Over (Under) Expenditures	(1,027)	(579)		
Modified Unencumbered Cash - Beginning	11,701	10,674		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 10,674	\$ 10,095		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-5

AT RISK (K-12) FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Sources	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers	151,631	187,730	180,000	7,730
Total Cash Receipts	\$ 151,631	\$ 187,730	\$ 180,000	\$ 7,730
Expenditures				
Instruction	\$ 170,967	\$ 185,565	201,600	\$ (16,035)
Support	0	0	0	0
Maintenance	0	0	0	0
Total Expenditures	\$ 170,967	\$ 185,565	\$ 201,600	\$ (16,035)
Cash Receipts Over (Under) Expenditures	(19,336)	2,165		
Modified Unencumbered Cash - Beginning	161,135	141,799		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 141,799	\$ 143,964		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-6

FOOD SERVICE FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Federal Aid	\$ 86,256	\$ 90,014	82,737	\$ 7,277
State Aid	1,544	1,501	1,320	181
Student & Adult Receipts	50,077	51,289	41,971	9,318
Breakfast	0	0	4,712	(4,712)
Operating Transfers	40,000	49,450	32,684	16,766
Miscellaneous	56	1,168	0	1,168
<b>Total Cash Receipts</b>	<b>\$ 177,933</b>	<b>\$ 193,422</b>	<b>\$ 163,424</b>	<b>\$ 29,998</b>
<b>Expenditures</b>				
Food Service Operations	179,814	192,728	193,000	(272)
<b>Total Expenditures</b>	<b>\$ 179,814</b>	<b>\$ 192,728</b>	<b>\$ 193,000</b>	<b>\$ (272)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(1,881)</b>	<b>694</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<b>48,477</b>	<b>46,596</b>		
<b>Prior Year Cancelled Encumbrances</b>				
<b>Unencumbered Cash - Ending</b>	<b>\$ 46,596</b>	<b>\$ 47,290</b>		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-7

INSERVICE EDUCATION FUND

		<u>Current Year</u>		
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts				
State Aid	\$ 0	\$ 0	\$ 0	
Operating Transfers	10,000	2,730	5,000	(2,270)
Total Cash Receipts	\$ 10,000	\$ 2,730	\$ 5,000	\$ (2,270)
Expenditures				
Instructional Support Staff	\$ 1,330	\$ 4,066	\$ 16,000	\$ (11,934)
Total Expenditures	\$ 1,330	\$ 4,066	\$ 16,000	\$ (11,934)
Cash Receipts Over (Under) Expenditures	8,670	(1,336)		
Modified Unencumbered Cash - Beginning	6,189	14,859		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 14,859	\$ 13,523		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-8

SPECIAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid	\$ 1,937	\$ 0	0	\$ 0
Local	0	318	0	318
Reimbursements	14,508	0	0	0
Operating Transfer	359,309	347,278	400,000	(52,722)
Total Cash Receipts	\$ <u>375,754</u>	\$ <u>347,596</u>	\$ <u>400,000</u>	\$ <u>(52,404)</u>
Expenditures				
Instructional	\$ 382,216	\$ 338,798	458,000	\$ (119,202)
Vehicle Operating Service	4,850	5,812	24,600	(18,788)
Total Expenditures	\$ <u>387,066</u>	\$ <u>344,610</u>	\$ <u>482,600</u>	\$ <u>(137,990)</u>
Cash Receipts Over (Under) Expenditures	(11,312)	2,986		
Modified Unencumbered Cash - Beginning	<u>246,520</u>	<u>235,208</u>		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ <u>235,208</u>	\$ <u>238,194</u>		



PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-9

VOCATIONAL EDUCATION FUND

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers	\$ 115,056	\$ 158,440	100,000	\$ 58,440
Total Cash Receipts	\$ 115,056	\$ 158,440	\$ 100,000	\$ 58,440
Expenditures				
Instruction	\$ 133,666	\$ 160,138	\$ 158,600	\$ 1,538
Total Expenditures	\$ 133,666	\$ 160,138	\$ 158,600	\$ 1,538
Cash Receipts Over (Under) Expenditures	(18,610)	(1,698)		
Modified Unencumbered Cash - Beginning	165,678	147,068		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 147,068	\$ 145,370		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-10

SUMMER SCHOOL FUND

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers	\$ 0	\$ 0	\$ 0	\$ 0
Total Cash Receipts	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Cash Receipts Over (Under) Expenditures	0	0		
Modified Unencumbered Cash - Beginning	440	440		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 440	\$ 440		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-11

TEXTBOOK RENTAL FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Rental Fees	\$ 6,930	\$ 6,370
Transfers	23,312	20,024
Total Cash Receipts	<u>30,242</u>	<u>26,394</u>
Expenditures		
Instruction Supplies	14,943	25,460
Total Expenditures	<u>14,943</u>	<u>25,460</u>
Cash Receipts Over (Under) Expenditures	15,299	934
Modified Unencumbered Cash - Beginning	<u>31,184</u>	<u>46,483</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>46,483</u>	\$ <u>47,417</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-12

EMPLOYEES BENEFIT FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Dependent Child Care	\$ 0	\$ 0
Medical Reimbursement	19,425	15,297
Total Cash Receipts	<u>19,425</u>	<u>15,297</u>
Expenditures		
DayCare Reimbursement	0	0
Medical Reimbursement	23,232	13,525
Total Expenditures	<u>23,232</u>	<u>13,525</u>
Cash Receipts Over (Under) Expenditures	(3,807)	1,772
Modified Unencumbered Cash - Beginning	<u>7,840</u>	<u>4,033</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>4,033</u>	\$ <u>5,805</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-13

TITLE II A TEACHER QUALITY FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Grant	\$ 8,127	\$ 8,188
Total Cash Receipts	<u>8,127</u>	<u>8,188</u>
Expenditures		
Technical Services	<u>8,127</u>	<u>8,188</u>
Total Expenditures	<u>8,127</u>	<u>8,188</u>
Cash Receipts Over (Under) Expenditures	0	0
Modified Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-14

TITLE / FUND - CURRENT

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 41,046	\$ 36,941
Total Cash Receipts	<u>41,046</u>	<u>36,941</u>
Expenditures		
Instruction	<u>41,046</u>	<u>36,941</u>
Total Expenditures	<u>41,046</u>	<u>36,941</u>
Cash Receipts Over (Under) Expenditures	0	0
Modified Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-15

TITLE II - ED TECH FUND

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal	\$ <u>0</u>	\$ <u>0</u>
Total Cash Receipts	<u>0</u>	<u>0</u>
Expenditures		
Instruction	<u>0</u>	<u>0</u>
Materials and Equipment	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	0	0
Modified Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>0</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-16

KPERS RETIREMENT FUND

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
State Sources	\$ 140,440	\$ 138,635	\$ 168,528	\$ (29,893)
Total Cash Receipts	\$ 140,440	\$ 138,635	\$ 168,528	\$ (29,893)
Expenditures				
Instructional	\$ 87,663	\$ 80,408	98,528	\$ (18,120)
Student Support	8,796	9,704	12,000	(2,296)
Librarian	3,178	4,159	7,000	(2,841)
Principals/Sec	11,188	12,000	15,000	(3,000)
Administration	16,853	16,636	20,000	(3,364)
Other	0	0	0	0
Maintenance	7,392	8,318	9,000	(682)
Transportation	1,774	2,773	3,000	(227)
Food Service	3,596	4,636	4,000	636
Total Expenditures	\$ 140,440	\$ 138,634	\$ 168,528	\$ (29,894)
Cash Receipts Over (Under) Expenditures	0	1		
Modified Unencumbered Cash - Beginning	0	0		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 0	\$ 1		



PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-17

CONTINGENCY RESERVE FUND

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfers	\$ <u>0</u>	\$ <u>17,010</u>
Total Cash Receipts	<u>0</u>	<u>17,010</u>
Expenditures		
Transfer	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>18,521</u>
Cash Receipts Over (Under) Expenditures	0	(1,511)
Modified Unencumbered Cash - Beginning	<u>190,001</u>	<u>190,001</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>190,001</u>	\$ <u>188,490</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES

ACTUAL AND BUDGET

Regulatory Basis

For The Year Ended June 30, 2015

(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-18

GIFT FUND

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers	\$ 4,187	\$ 23,865	5,000	\$ 18,865
Total Cash Receipts	\$ 4,187	\$ 23,865	\$ 5,000	\$ 18,865
Expenditures				
Instruction	\$ 5,829	\$ 21,606	\$ 18,500	\$ 3,106
Total Expenditures	\$ 5,829	\$ 21,606	\$ 18,500	\$ 3,106
Cash Receipts Over (Under) Expenditures	(1,642)	2,259		
Modified Unencumbered Cash - Beginning	21,791	20,149		
Prior Year Cancelled Encumbrances				
Unencumbered Cash - Ending	\$ 20,149	\$ 22,408		

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-19

FEDERAL SMALL RURAL SCHOOLS

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Grant	\$ <u>9,176</u>	\$ <u>25,888</u>
Total Cash Receipts	<u>9,176</u>	<u>25,888</u>
Expenditures		
Technical Services	<u>9,176</u>	<u>25,678</u>
Total Expenditures	<u>9,176</u>	<u>25,678</u>
Cash Receipts Over (Under) Expenditures	0	210
Modified Unencumbered Cash - Beginning	<u>0</u>	<u>0</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>0</u>	\$ <u>210</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2015)

STATEMENT 3-20

PAYROLL CLEARING FUND

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Payroll Deductions	\$ <u>169,162</u>	\$ <u>109,076</u>
Total Cash Receipts	<u>169,162</u>	<u>109,076</u>
Expenditures		
Insurance Premiums	<u>173,299</u>	<u>113,645</u>
Total Expenditures	<u>173,299</u>	<u>113,645</u>
Cash Receipts Over (Under) Expenditures	(4,137)	(4,569)
Modified Unencumbered Cash - Beginning	<u>15,170</u>	<u>11,033</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>11,033</u>	\$ <u>6,464</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES  
Regulatory Basis  
For The Year Ended June 30, 2015  
(With Comparative Actual Totals for Prior Year Ended June 30, 2014)

STATEMENT 3-21

CHARACTER EDUCATION GRANT

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Grant	\$ <u>0</u>	\$ <u>0</u>
Total Cash Receipts	<u>0</u>	<u>0</u>
Expenditures		
Education	<u>796</u>	<u>464</u>
Total Expenditures	<u>796</u>	<u>464</u>
Cash Receipts Over (Under) Expenditures	(796)	(464)
Modified Unencumbered Cash - Beginning	<u>1,260</u>	<u>464</u>
Prior Year Cancelled Encumbrances		
Unencumbered Cash - Ending	\$ <u>464</u>	\$ <u>0</u>

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SUMMARY OF RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
Regulatory Basis  
For The Year Ended June 30, 2015

STATEMENT 4

TRUST FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances/ Accounts Pay.	Ending Cash Balance
Activity							
Haywood Ostberg	\$ 143,145	\$	77	3,900	\$ 139,322	\$	139,322
Total Trust Funds	\$ 143,145	\$	77	3,900	\$ 139,322	0	139,322

PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426  
Scandia, Kansas

SUMMARY OF RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
Regulatory Basis  
For The Year Ended June 30, 2015

STATEMENT 5

DISTRICT/SCHOOL ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances/ Accounts Pay.	Ending Cash Balance
<b>High School Activity</b>							
Concessions	\$ 0	\$	\$ 1,618	\$ 824	\$ 794	\$	\$ 794
Class of 2015	3,718		17,000	17,722	2,996		2,996
FFA	7,244		14,164	14,965	6,443		6,443
Kayettes	567		3,318	3,566	319		319
Student Council	327		641	212	756		756
FCCLA	315		1,071	1,311	75		75
Play	4,228		3,039	2,189	5,078		5,078
Office Activities	382		509	523	368		368
Flag Team	470		0	0	470		470
National Honor Society	609		1,251	1,809	51		51
Robotics	0		310	453	(143)		(143)
Music Club	107		0	0	107		107
Panther Prints	5,009		11,645	10,999	5,655		5,655
Greenhouse	0		414	0	414		414
Library	96		0	0	96		96
Cheerleaders	(163)		10,708	8,998	1,547		1,547
FCA Club	30		0	0	30		30
FBLA	1,878		3,236	3,443	1,671		1,671
<b>Subtotal High School</b>	<b>\$ 24,817</b>	<b>\$</b>	<b>\$ 68,924</b>	<b>\$ 67,014</b>	<b>\$ 26,727</b>	<b>\$ 0</b>	<b>\$ 26,727</b>
<b>Junior High Activity</b>							
Jr. High Pep Club	\$ 3,620	\$	\$ 3,686	\$ 4,389	\$ 2,917	\$	\$ 2,917
Library	1,122		629	949	802		802
Panther Paws	0		1,630	1,630	0		0
Stucco	500		2,400	1,888	1,012		1,012
Playground Equipment	589		200	489	300		300
<b>Subtotal Middle School</b>	<b>\$ 5,831</b>	<b>\$</b>	<b>\$ 8,545</b>	<b>\$ 9,345</b>	<b>\$ 5,031</b>	<b>\$ 0</b>	<b>\$ 5,031</b>
<b>Athletic Gate Receipts</b>							
High School	\$ 25	\$	\$ 23,159	\$ 22,497	\$ 687	\$	\$ 687
Junior High	1,651		0	0	1,651		1,651
<b>Subtotal Athletic Receipts</b>	<b>\$ 1,676</b>	<b>\$</b>	<b>\$ 23,159</b>	<b>\$ 22,497</b>	<b>\$ 2,338</b>	<b>\$ 0</b>	<b>\$ 2,338</b>
<b>Clearing Accounts</b>							
<b>High School Activity</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$</b>	<b>\$ 0</b>
Lunch	0		14,125	14,125	0		0
Industrial Arts	472		1,892	2,364	0		0
Vo Ag	0		1,018	861	157		157
Band	0		206	196	10		10
Book Rental	0		1,808	1,775	33		33
FACS	0		0	0	0		0
Long Distance Calls	0		0	0	0		0
District Money	0		6,094	6,044	50		50
Petty Cash	0		1,226	1,226	0		0
<b>Junior High Activity</b>							
Lunch	0		37,308	37,308	0		0
Book Rental	0		4,625	4,625	0		0
Band	0		376	376	0		0
Petty Cash	12		3,541	3,553	0		0
<b>Subtotal Clearing</b>	<b>484</b>	<b></b>	<b>0</b>	<b>72,453</b>	<b>250</b>	<b>0</b>	<b>250</b>
<b>Total Activity Funds</b>	<b>32,808</b>	<b>0</b>	<b>100,628</b>	<b>171,309</b>	<b>34,346</b>	<b>0</b>	<b>34,346</b>

**PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426**  
**Scandia, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

Unified School District No. 426 is a municipal Corporation established under Kansas Statutes with territory in Republic, Cloud and Jewell counties. All USDs in Kansas are required to be audited under K.S.A. 75-1122. The District is governed by an elected seven member board. The financial statements present the financial condition and results of operation of the district. The District's major operations include primary and secondary education for young people in the aforementioned counties. The scope of the entity for financial reporting purposes is designed as those funds for which the District has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds.

This report is intended solely for the information and use of the Board of Education and management of USD 426, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and Kansas State Board of Education, and should not be used for any other purposes. The Kansas Municipal Audit and Accounting Guide will be referred to as KMAAG throughout the notes.

**Basis of Presentation**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restricts, or limitations. The following are Regulatory Basis Fund Types:

**Regulatory Basis Fund Types**

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

**Basis of Accounting-KMAAG Regulatory Basis of Accounting (Formerly Statutory Basis)**

The KMAAG regulatory audit requirement of K.S.A. 75-1122 applies to each individual municipality as defined in K.S.A. 75-1117. The KMAAG regulatory financial reporting entity is comprised of the "municipality" as defined in K.S.A. 75-1117, as a minimum, and may also include certain separate legal entities referred to as "related municipal entities" as defined by KMAAG.



PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426

Scandia, Kansas

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

**GAAP Basis Financial Statements - Minimum Requirements.** GAAP basis financial statements are financial statements prepared in accordance with "Governmental Accounting and Financial Reporting Standards" as promulgated by the Governmental Accounting Standards Board (GASB). For KMAAG purposes, if GAAP basis financial statements are presented, the basic financial statements and notes must be presented at a minimum. All other supplemental schedules are optional. However, the KMAAG mandatory note disclosures (if applicable) must still be presented even though they might not otherwise be required by GAAP to be included in the notes. KMAAG does not provide an example of GAAP financial statements.

**Regulatory Basis Financial Statements - Minimum Requirements.** If GAAP basis financial statements are not presented, then: 1) a GAAP waiver resolution must be passed, and 2) regulatory basis financial statements including regulatory-required supplementary information, must be presented. Regulatory basis financial statements are financial statements prepared in accordance with the guidelines of KMAAG. Such financial statements are prepared on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas and prepared in accordance with the prescribed format established by KMAAG.

The regulatory basis financial statement consists of a single basic financial statement which is a summary statement containing all funds and related municipalities included in the financial reporting entity and demonstrating compliance with the cash basis law. The remainder of the required financial information to be presented is considered regulatory-required supplementary information which includes 1) a fund summary schedule containing all funds and showing compliance with the budget law for those funds required to be budgeted, 2) individual fund schedules for all funds except agency funds, with budget comparisons for those funds required to be budgeted, 3) a fund summary schedule, for agency funds only, showing cash balances and changes therein, and 4) special schedules unique to the municipality. Note: Regulatory-required supplementary information are the additional schedules that are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide and are not to be considered as required supplementary information as defined by auditing standards generally accepted in the United States of America. In addition, the KMAAG mandatory note disclosures must be presented and must include all disclosures necessary for fair presentation in accordance with the KMAAG regulatory basis framework. All other schedules that may be presented are optional.

Departure from GAAP

A waiver from the requirement to prepare and audit GAAP basis financial statements is necessary *only if* the municipality decides to present regulatory basis financial statements. A waiver is not required for financial statements that are prepared in accordance with the GAAP basis framework but include certain departures from GAAP. For example, if GAAP financial statements are presented but do not include the management discussion and analysis, this would be a departure from GAAP. However, even lacking the management discussion and analysis required supplementary information, the basic financial statements may still be presented on a GAAP basis framework, thus a waiver would not be required. The District has approved a resolution that is compliance with K.S.A. 75-1120a(c) waiving the annual for application of GAAP for the year ended 6/30/15. This waiver is completed annually and allows the District to use the regulatory basis of accounting.

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balance, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statement.

**PIKE VALLEY UNIFIED SCHOOL DISTRICT NO. 426**  
**Scandia, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

Reimbursed Expenses

The purpose of these expenditures is to repay the district for amounts remitted on behalf of another party and such expenditures are exempt for the budget law under K.S.A. 79-2934. Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement. The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

2014 Financial Data

Amounts that are shown for 2014 in the accompanying financial statements are included where practical, only to provide a basis for comparison with 2015, and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and distributed to the District June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

Budgetary Data

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund. The statutes provide for the following sequence and time table in the adoption of the annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increase in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. These taxes become a lien against all property November 1<sup>st</sup>. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. Delinquent taxes are assessed interest at 9% per annum. This interest is retained by the County.

The statutes permit transferring budgeted amounts between *line* items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budget receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing

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the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditures authority) lapse at year-end.

A legal operating budget is not required for trust funds, agency funds, and the following special revenue funds: Textbooks and Student Materials, Athletic Gate Receipts and other School Agency/Activity Funds, Fee and User Charges/Clearing Accounts, Contingency Reserve, Employee Benefits, Title IIA-Teacher Quality, Title I, Character Education, Title II-Ed Tech Current, and Federal Funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and prepaid expenses which benefit future periods are recorded as an expenditures during the year of purchase. For disclosure purposes, material inventories would be reported as an asset offset by a reserve. The district had no material inventories.

**NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Compliance With Kansas Statutes and Other Finance Related Legal Matters**

There are no noted violations with such compliance requirements.

**NOTE C- DEPOSITS AND INVESTMENTS**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk. Cash balances from all funds are combined and invested to the extent available in certificates of deposits and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At year-end the carrying amount of the district's deposits, including certificates of deposit was \$1,372,766. The bank balance was \$713,420 and trust/activity operating accounts had a balance of \$173,668. The District had CDs in the amount of \$625,000. The difference between the carrying amount and the bank balance are outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by FDIC Insurance and the remaining balance was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the district's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a third-party custodial agreement signed by all three parties: the district, the pledging bank, and the independent third-party banks holding the securities.

**Investment Policy**

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit investment choices. Funds of the district were on deposit in interest bearing accounts in banks and Certificates of Deposits issued by banks at June 30, 2015.

The cash of each of the funds of the district is pooled together so that better management of cash and investments can be practiced, resulting in greater earnings accruing to the district. Please refer to Statement 1 to review how the various funds are accruing

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interest.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE D- FRINGE BENEFIT PLAN I.R.C. 125

The District has in place an IRS-IRC Section #125 "Cafeteria" Fringe Benefit Plan. The options under the plan are salary reduction options. In addition, each employee may choose to take the benefit in cash, a taxable option. Employees that are eligible for the plan are all full time employees. The plan year runs from October 1 to September 30 annually. The maximum benefit allowance per employee is \$2500/yr for the year ended June 30, 2015. Provisions available are:

- Group Health Insurance
- Group Term Life Insurance (\$50,000 maximum) Salary Protection Insurance
- Cancer Insurance
- Medical Reimbursement Accounts
- Dependent Care Reimbursement Accounts

NOTE E- CONTINGENT LIABILITIES

The district has computed the unfunded accumulated sick/personal leave costs as of June 30, 2014 and 2015, to be \$133,367 and \$130,503, respectively. The number of employees for the respective years were 60 and 58. Please Refer to Note F for further information on compensated absences.

NOTE F- COMPENSATED ABSENCES

The district's policy wherein each qualified employee is allowed to accumulate a maximum of 75 days of sick leave at a rate of 9 sick days and 3 personal days per term. Teachers are to be reimbursed at the rate of \$30 per day for any unused sick leave accumulated over the maximum of 75 leave days. The maximum reimbursement is \$250/teacher per year. Any unused accumulated sick leave may be used by the employee during his/her employment with the district. If employment is severed, the unused accumulated amount is not reimbursed. Employees can convert 2 unused sick leave to 1 personal day. There is no merit pay provision in the schools negotiated agreement nor is there a good health or absentee benefit. Teachers are granted 2 days personal leave per contract year.

NOTE G- DEFINED BENEFIT PENSION PLAN

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends KMAAG (1/15) D-10 on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

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Net Pension Liability. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$2,458,195 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above. Note: The report expected to be issued by KPERS containing the allocation of the net pension liability to participating entities may not be available from KPERS for those entities who will be issuing reports with fiscal years ending December 31, 2014 in early 2015. It is not known at the time of this publishing date when this information will be available from KPERS. If the KPERS report is not available at the time the District issues their financial statements, it would not be appropriate to disclose the Net Pension Liability footnote.

**NOTE H- RISK FINANCING AND RELATED INSURANCE ISSUES**

The district is exposed to various risks of loss related to torts; theft of, damage to; and destruction of assets; errors and omissions; injuries to employees; and nature disasters. The district continues to carry insurance for all risks of loss including workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**NOTE I- FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value amounts for cash and cash equivalents approximate carrying amounts due to the short maturities of these instruments. Financial instruments that subject the district to significant concentration and credit risk consist of cash and cash equivalents. The district places its cash in market interest rate accounts and are insured fully by FDIC coverage and pledged securities with fair market value equal to or greater than its cash and cash equivalents.

**NOTE J- FIDUCIARY/TRUST TYPE FUNDS**

The District has under its control a non-expendable trust fund for the purpose of awarding scholarships to graduates of Pike Valley High School to assist them in continuing their education. The balances at 06/30/14 and 6/30/15 were \$143,145 and \$139,322 respectively. (Please Refer to Statement 4 for breakdown.)

**NOTE K- OTHER POST-EMPLOYMENT BENEFITS**

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

**NOTE L- IN-SUBSTANCE RECEIPT IN TRANSIT**

The District received \$135,671 subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

**NOTE M- LONG-TERM DEBT**

The District currently has no long-term debt issued.

**NOTE N- CAPITAL PROJECT COMPLIANCE**

The District currently has no capital projects being undertaken.

**NOTE O- LITIGATION CONTINGENCIES**

The District currently has no litigation contingencies that it is involved in.

**NOTE P- COMMITMENT AND CONTINGENCIES**

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits

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could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2015.

**NOTE Q- SUBSEQUENT EVENTS**

These financial statements considered subsequent events through November 9, 2015 the date the financial statements were available to be issued.

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NOTE R INTER-FUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue, to the fund authorized to expend the revenue, have been segregated from normal revenues and expenditures for reporting purposes are are:

FROM	TO	2015	2014
General	Food Service	\$ 3,449	\$ 15,000
General	Driver Training	5,000	0
General	Inservice	2,730	0
General	Special Education	350,909	239,309
General	Capital Outlay	0	27,158
General	Contingency Reserve	17,010	0
General	Vocational Education	3,100	0
General	At Risk K-12	0	1,631
	Totals	382,198	283,098
Supplemental General	Food Service	47,510	25,000
Supplemental General	Vocational Education	155,040	100,000
Supplemental General	Professional Development	0	10,000
Supplemental General	Special Education	0	120,000
Supplemental General	At Risk K-12	187,730	150,000
Supplemental General	Driver Training	0	7,000
Supplemental General	Textbooks	20,024	23,312
	Totals	410,304	435,312
Contingency	Supplemental	18,520	
	Totals	811,022	718,410

The above transfers are included in the expenditures of the disbursing fund and included in the revenues of the receiving fund as required by the Cash Basis and Budget Laws of Kansas, and for budget comparison purposes.

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NOTE 5. INTER-GOVERNMENTAL ASSISTANCE-STATE

Type of Aid	2015	2014
General State Aid	\$ 1,258,941	\$ 1,367,824
Block Grant	135,671	0
Supplemental State Aid	203,626	217,102
GSA Transportation Weighting	29,040	65,796
School District Mill Levy	289,103	0
Capital Outlay	9,539	0
KPERS Expanded Lottery	18,342	17,112
Special Ed Transportation	4,288	20,866
State Safety	1,488	1,360
Food Service Aid	1,501	1,544
Special Education	192,786	198,443
KPERS Employer Cont.	120,293	123,328
Totals	2,264,618	2,013,375

NOTE 1. FEDERAL ASSISTANCE

Type of Aid	2015	2014
Ed. JobsFund	\$ 0	\$ 0
Reserve Fund	300	0
Title I Current	36,941	41,046
Title II Teacher Quality	8,188	8,127
Food Service	90,014	86,256
Federal REAP	0	0
Character Education	0	0
Totals	135,443	135,429

Federal programs in which the school district participated have specified for what purpose funds are to be expended. All funds unexpended at June 30, 2015 are restricted to federal program specified expenditures.